

UNITED STATES ASSISTANCE TO ARMENIA
2002



CONTENTS

FISCAL YEAR 2002	6
U.S. DEPARTMENT OF AGRICULTURE	9
U.S. DEPARTMENT OF THE TREASURY	13
U.S. DEPARTMENT OF DEFENSE	14
PEACE CORPS	15
U.S. DEPARTMENT OF STATE	16
SPECIAL INITIATIVES AND PROGRAMS	16
U.S.- ARMENIA TASK FORCE (USATF).	16
PUBLIC AFFAIRS SECTION	17
EXPORT CONTROL AND RELATED BORDER SECURITY (EXBS)	21
INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT (INL) TRAINING PROGRAM.....	22
DEPARTMENT OF ENERGY	23
U.S. DEPARTMENT OF COMMERCE AND RELATED AGENCIES	23
USAID/ARMENIA	24
Program Overview	24
USAID's Private Sector Program	28
USAID's Energy Sector Program	30
USAID's Democracy Program	32
USAID's Social Transition Program	36
USAID's Water Management Program	38
ANNEX 1: FYO2 U.S. ASSISTANCE TO ARMENIA (IN DOLLARS)	40
ANNEX 2: OVERALL U.S. ASSISTANCE TO ARMENIA	42

Message from the Ambassador

The Republic of Armenia has made tremendous progress toward a modern, market-based democracy since its independence slightly more than a decade ago. Despite the Soviet-era legacies of political oppression and command economics, a major earthquake in 1988, and armed conflict, Armenia now has well-founded hopes for a prosperous future. The United States, in partnership with the Government of Armenia, non-governmental organizations, international donors, the Armenian-American community, and the private sector, is proud to play a key role in that ongoing transition. This brochure offers a snapshot of our ongoing assistance programs.

Since the opening of the U.S. Mission in 1992, the United States has provided one and one half billion dollars worth of assistance to Armenia. In the early and mid-1990s, our assistance program focused on the dire humanitarian needs facing the population. We provided such immediate necessities as food, heating stoves, and fuel throughout the country to help Armenia through the difficult initial years of independence. Since the situation has stabilized, we have changed our primary emphasis to developmental programs that help Armenia build the long-term capacity it needs for future.

Currently our assistance programs focus on three primary goals: an open and pluralistic civil society, a functioning market economy, and a stable political environment in the region. Several different U.S. government agencies focus on their specialized areas to contribute to these goals. Their programs include short- and long-term objectives that provide both immediate assistance to the average Armenian, who may not yet benefit from Armenia's transition process, and more long-term structural reform. We continue to assist Armenia in its quest for a mutually acceptable compromise settlement to the Nagorno-Karabakh conflict, as well as expanded regional cooperation.

Since arriving in Armenia in November 2001, I have been deeply impressed with the strength, creativity, and determination of the Armenian people. I have great hopes for the future of this proud country, and I am honored to represent the people of the United States and their commitment to that future.

Sincerely,

John O'Dowd

FISCAL YEAR 2002

The U.S. Government has three broad goals for its assistance to Armenia: an open and pluralistic civil society; a functioning, law-based market economy; and a stable political environment in the region. In FY 2002 we continued to focus on increasing the demonstrable benefit of U.S. Government-funded assistance to average Armenian citizens and to their standard of living. This focus helps build and sustain popular and political support for the implementation of democratic and economic reform measures needed to pursue the three larger goals. The U.S. Government seeks to foster this support by designing and implementing assistance programs with the following objectives:

- n Stimulating growth in the competitive private sector, and increasing both public and private investment, with special focus on job creation in a market economy and combating corruption. Particular emphasis is given to developing and supporting business opportunities in the information technology, agribusiness and tourism sectors.
- n Strengthening the Association of Accountants and Auditors of Armenia (AAAA), through a partnership between the AAAA and a partner accounting body; and improving the quality of accounting and auditing curricula at higher educational institutions through cooperation with a partner university.
- n To assist in the creation of free, efficient, honest and equitable real estate markets, we sponsor a partnership between the International Real Property Foundation and Armenian real estate professionals. The goals are to establish market-oriented professional associations for brokerage/property management and appraisal and to develop an ethical and trained real estate profession committed to protection of the public..
- n Supporting improved economic policy by providing technical assistance to the Armenian governmental bodies responsible for competition policy, and for the supervision and regulation of civil aviation, telecommunications, and insurance. In general, continuing activities intended to improve the legal and regulatory environment that promotes private sector activity.
- n Enhancing Armenia's energy security by developing a safe and sustainable energy sector integrated into broader regional approaches.
- n Improving investor confidence and business development, and promote democracy and the rule of law by supporting a vigorous anti-corruption effort in coordination with the Government of Armenia and the international donor community, including the Armenian diaspora.
- n Strengthening the ability of the National Assembly to perform economic and legislative analysis, conduct constituent outreach, and enhancing its accessibility to the media and citizens.
- n Promoting greater community activism and involvement, with a special emphasis on women's participation and leadership, through activities that support citizen participation in governance.
- n Devoting particular attention to education programs, including education partnerships, curriculum development, as well as degree programs for Armenians in the U.S. The school Internet Connectivity program has been expanded significantly.



- n Strengthening public political support for continued economic reform by bolstering the social sector safety net.
- n Continued support for recovery programs in the earthquake zone.
- n Stimulating regional integration and cooperation, which will enhance foreign investor confidence.
- n Continuing the successful contribution to ease tensions between Azerbaijan and Armenia in the form of the "Spacebridge" television series.
- n Implementing the Humanitarian Demining Program for Armenia, including the provision of training teams and equipment.
- n Enhancing Armenia's capabilities to control its borders to prevent illicit trafficking and promote legitimate commerce.
- n Undertaking the first military-to-military assistance in Armenia, including funding for enhanced communications capabilities and advanced training.

U.S. AGENCIES PROVIDING ASSISTANCE TO ARMENIA

The United States Mission in Armenia includes seven agencies of the United States Government that have permanent representatives in Yerevan. In addition to these seven agencies, representatives from other USG agencies make frequent temporary visits to Armenia to assist the Mission. All of the agencies coordinate their contributions to the U.S. assistance program through Ambassador's Assistance Coordination Group.

Each agency works in partnership with the Armenian government, non-government and private sector entities and coordinates with other international and Diaspora donors to ensure complementarity and to maximize the impact of U.S. assistance programs. The U.S. Mission as a whole coordinates its assistance program with the Government of Armenia through the biannual U.S.–Armenia Task Force, and with other international donors through the monthly Donor Coordination meetings.



U.S. DEPARTMENT OF AGRICULTURE

The Department of Agriculture (USDA) has played a key role in U.S. assistance to Armenia since 1992. Over the last ten years USDA has provided substantial food and commodity assistance – both government-to-government and through NGO/PVO programs – as well as technical and financial assistance for the creation of a national agricultural extension service, agribusiness development and marketing assistance, improvement of the Armenian Agricultural Academy, and village well projects. USDA contributions have totaled over \$415 million since 1992, mostly through the provision of wheat and other commodities. In 1996, USDA initiated the Marketing Assistance Project (MAP) to provide technical, financial, and marketing assistance to Armenian agribusiness and farmer marketing associations. This project has now assisted 55 different agribusinesses and 15 farmer-marketing associations. As a result of MAP's work, Armenian food products are finding significant new export markets in Russia, the Baltic Republics, and the United States.

Wheat/Grain Deliveries to Armenia

During the difficult years 1992 – 1995, USDA played a key role in supplying essential foodstuffs as part of the U.S. humanitarian relief program. Wheat shipments began with 66,000 metric tons in FY92 and climbed to almost 200,000 metric tons in FY93-95. During the peak years, USDA was supplying almost 50% of the total food grain requirement for bread production. Following FY95, U.S. wheat shipments were systematically reduced as privatization proceeded and domestic wheat production recovered. In cooperation with the GOAM, U.S. assistance moved away from wheat donations to a concessional loan program under Public Law 480, Title I, Food for Progress Program. The one exception to this general policy was 60,000 metric tons of wheat for FY00, under Section 416(b), which was given to the GOAM as a grant for general budget support.

During the last two years, wheat and other commodities have been shipped to Armenia to be monetized and the proceeds used to support the work of NGOs like the Armenia Technology Group Foundation, engaged in wheat seed improvement, and UMCOR, for rural health and rural credit programs.



Agribusiness Development

During 1992-95 USDA worked with the Ministry of Agriculture to establish an agricultural extension service to meet the needs of 330,000 new private farmers. This project partnered with the Ministry to create a system of village agents and regional and national specialists to provide educational and demonstration programs for Armenia's small-scale farmers. Eventually the World Bank's Agriculture Reform Support Project assumed responsibility for financial and technical assistance to the Ministry of Agriculture for the development and operation of the new national extension system.



In 1996 the Ambassador invited USDA to send in a design team to develop a new private sector project to improve agriculture marketing. This new project was the Marketing Assistance Project (MAP). It focuses on private sector development of agribusiness firms and farmer marketing associations. The basic model of intervention is to provide a “package” of technical, financial and marketing assistance. The project used surveys and field assessments to target selected processing sectors: wines, cheeses, fruit juices, vegetables, meats, and poultry.

By 2002, MAP had developed relationships with 55 agribusiness clients located throughout Armenia. These businesses range in size from family operations with no hired labor to large vegetable/fruit processing firms in the Ararat Valley. MAP clients include: beverage production (3), dairy processing (12), dried fruits and vegetables (4), farm inputs and machinery (2), food wholesale/retail/storage (2), fruit and vegetable processing (7), meat processing (3), packaging (3), poultry processing (3), wineries (7), and other small enterprises (5). By the end of 2001 these firms had 2,853 employees and were buying raw product from over 18,000 farmers.

Experts from U.S. land grant universities, private sector consultants, MAP staff members, VISTA, and other organizations provide technical assistance to MAP clients. Consultants remain in country for the entire production season or for short-term (3-6 week) assignments in Armenia and have developed strong working relationships with clients. MAP staff work closely with clients to solve production problems, develop new products, adapt new production technology, improve quality and sanitation, and develop new domestic and export markets. During 2001 MAP staff and consultants traveled over 450,000 km in a country, which is only 650 km, north to south. MAP also cooperates with *Agrogitaspiur* (Armenian Extension Service) to help farmers to improve the quality of raw product and the total production from cropland.

MAP provides financial assistance to Armenian agribusinesses and farmers through loan guarantees, leases and small grants. All financial assistance is coordinated with technical and marketing assistance, including required basic sanitation audits for food safety. Loan guarantees are provided through Armenian banks. Leases are provided through AgroLeasing LLC, a legal entity created by MAP to undertake lease-to-purchase contracts. Production Credit Clubs provide supplementary financing to farmers supplying raw product to MAP-assisted processors and wineries. In 2002 the project provided the following financial assistance to its clients:

New Financial Assistance Provided by MAP, 2002 (USD)

Strategic loan guarantees to agribusinesses	33 clients	\$1,256,000
Microenterprise loans to small agribusinesses	10 clients	\$48,000
In-kind loans to agribusinesses (glass, aseptic bags, etc.)	12 clients	\$529,000
Targeted small grants	25 clients	\$226,000
Equipment and vehicle lease-to-purchase	13 clients	\$579,000
Production Credit Clubs	31 clubs, 487 farmers	\$528,000
Total		\$3,166,000

The Marketing Assistance Project has produced positive impacts. MAP-sponsored applied research trials have clearly shown the superior yields and reliability of hybrid American tomato, sweet corn, and cucumber seeds in the Armenian environment.

On-farm water management trials have demonstrated substantial potential savings to farmers thanks to the use of new, low cost technologies to reduce the number of irrigations and the quantity of water applied.

The 15 farmer marketing associations are creating new markets for farmers by providing collection centers for dairy producers and new markets for cheese. Over 2500 families are now selling milk into farmer-owned dairy collection centers. These new farmer marketing associations allow one farmer with a single cow to sell enough milk to generate more cash income than a village school teacher.

Substantial improvements in product quality and sanitation have occurred in 36 of MAP's agribusinesses and in all 15 milk marketing associations. This has been accomplished through a "Quality First Initiative" that trains Armenians in basic sanitation procedures, provides financial assistance for better equipment and storage, and supplies technical advice on product handling and processing.

Armenian food products now have established brand identity in new markets (e.g., Moscow, the Baltic republics, California) and are gradually expanding market penetration. Many Armenian agribusinesses are more aware of emerging export markets and better prepared to compete internationally. Two Armenian vegetable processors pre-sold their entire 2002 production to export customers, which represented a significant improvement over the warehouse of surplus product these firms had in 2000. Exports of bulk tomato paste and fruit concentrates are expected to exceed 6,000 tons in 2002, with a total value of over \$3.5 million. About 300,000 bottles of wine have been exported to Russia, Latvia, and the United States.



Other Armenian agribusinesses are selling new and improved products with MAP assistance. There has been a substantial increase in the production and export of consumer-packaged food products such as herbal teas, murabas, jams, marinades, pickles, ketchup, fruit juices, dried tomatoes, bottled Armenian water, canned fish, and processed meats.

To help prepare a new generation of managers for Armenian agribusinesses the MAP created the Agribusiness Teaching center within the Armenian Agriculture Academy. This program provides two years of English language, western-style curriculum in marketing, finance, and management for 60 students. Each student completes an internship with a MAP-sponsored agribusiness during the summer before his or her senior year. In June 2002 the first class graduated from the ATC. Members of this class are now seeking jobs in agribusiness or attending graduate school in Armenia, the U.S. or Europe.

Cochran Fellowship Program

The U.S. Department of Agriculture implements the Cochran Fellowship Program to enrich the professional development of Armenians involved in agriculture and agribusiness. Since 1993, 115 participants have gone to the U.S. for 3-4 week educational programs in agricultural extension education, agribusiness management, marketing of food and beverage products, agricultural credit and finance, and production technology. Graduates of the Cochran Program now hold responsible positions in agribusiness, the Ministry of Agriculture, the Armenian Agriculture Academy, and international donor organizations.

Village Well Program

Regional droughts in 2000 (northern marzes) and 2001 (southern marzes) highlighted serious water problems in rural Armenia. The old Soviet agricultural irrigation system is very inefficient, with estimated water losses to be in excess of 40% in some regions. In addition, farmers are charged very low rates for irrigation water – a few cents per cubic meter – which results in direct-farm water management. Many villages have only water wells drilled during Soviet times, most of which are now inoperable, leaving inhabitants with only surface water supplies which virtually disappear in late summer.

USDA-MAP proposed development work on village wells in early 2000. This proposal was eventually funded through the Department of Defense's European Command with military humanitarian assistance money (\$165,000). In addition, Embassy Yerevan made available residual funds from the wheat seed drought assistance program (\$75,793). During Stage 1 in the late summer of 2001, new deep wells were provided in nine villages with an average cost of nearly \$30,000.

Based on a successful well rehabilitation in Aragats Avan Village, whose total cost was only \$5000, USDA-MAP concluded that additional monies should be spent on village well rehabilitations. Subsequently, in 2001 more military humanitarian assistance (\$330,000) was made available to the project to expand the village well project. In addition, the Embassy made available \$150,000 for the village well project from Performance Funds. USDA-MAP contracted with VISTA to do site assessments in Gegharkunik, Aragatsotn, Shirak, Lori and Tavush Marzes. The VISTA team evaluated and presented over 100 possible well rehabilitation projects to MAP. Ultimately, 39 wells were selected for Stage 2 – three new deep wells and 36 rehabilitations. The average cost of each well was \$12,000. With successful completion of Stages 1 and 2, 47 wells have been completed in 9 marzes which serve over 9,000 families for domestic water supply plus livestock and agricultural uses.



In 2002 Embassy-Yerevan again funded Stage 3 of the village well program with \$300,000 in Performance Funds. USDA-MAP will add an additional \$200,000 of project funds. In September 2002, bidding was completed on 29 new projects – four new deep wells, 11 rehabilitation projects, and 14 small-scale pipeline projects. These projects will ultimately assist over 30 villages and 3000 families.

USDA-MAP has complemented the village well program by helping establish a Small Farm Water Management Research Center at the Armenian Agricultural Academy. The Center is assisted by a cooperative agreement for technical assistance from the International Irrigation Research Center at Utah State University. The Center is contracted with USDA-MAP to monitor the performance of all the wells in the Village Well Project, as well as to undertake training, education, and demonstration projects in all marzes on agricultural water use efficiency. Applied on-farm research results indicate a high payoff to farmers for improved water use. USDA-MAP contracts with the Center to expand its educational and demonstration projects in order to help farmers capture the benefits of improved water management in Armenia's semi-arid environment.



U.S. DEPARTMENT OF THE TREASURY

Since 1996, three U.S. Treasury technical advisors have provided advice to the Ministry of Finance and Economy in the areas of budget preparation and reform, tax administration, and debt management. U.S. Treasury's technical assistance is an integral part of the USG's comprehensive economic reform program in Armenia. U.S. Treasury's Office of Technical Assistance (OTA) also coordinates the law enforcement program in Armenia with the State Department's INL office.

In FY 2002 the thrust of Treasury program in Armenia shifted to focus on three elements: **Implementation, Fiscal Transparency and Training.**

Implementation is taking place with the establishment of a Training Center for the Ministry of Finance and Economy (MFE). Funded with a U.S. grant of \$300,000, the Center is to become, in the future, the conduit for all training in public fiscal management. Treasury will refurbish the building, furnish it, provide a computer facility and training materials, and train the trainers. Phase one is expected to be completed in mid-February 2003, and phase two at the end of May 2003. It is expected that up to 1000 people will be trained over the next 3 to 4 years. The emphasis at the beginning will be the budget process - formulation and execution - and related topics such as cash management, program budget and project management. This will be expanded with time to include other topics in government fiscal management. The Center will also provide Distance Learning programs and will ultimately become a regional center that can help to provide regional stability through sound fiscal policies.



Fiscal Transparency. The publication of the "Citizen's Guide to the 2002 Budget" was the first time that such material has been made available to the public. 3,300 copies in Armenian and 700 copies in English were distributed. It is hoped that this guide will be institutionalized, thus contributing to more active public participation in governance. The guide for the 2003 budget as well as a budget handbook are also planned for publication.

Training has been a key element in the Treasury program in Armenia and is expected to remain so. Two training programs were conducted, the first in program budgeting and the second in budget execution. All future seminars and workshops will be carried out through and in cooperation with the Training Center.

Treasury participates in Public Expenditure Reviews and Medium Term Expenditure Framework (MTEF) activities as required. Treasury will also participate in activities of the USAID-funded Legislative Strengthening Program and will coordinate its activities with those of other donor institutions as necessary.

In addition, Treasury anticipates the provision of technical assistance in fiscal audits at the request of the Ministry. It will conduct, in cooperation with the MFE, an assessment of requirements to develop a mutually acceptable plan of action.

U.S. DEPARTMENT OF DEFENSE

Since May of 1995, the Department of Defense (DOD) has been represented in Armenia by the US Defense Attaché Office (DAO) in Yerevan. The DAO's major activities include managing international training exercises, such as the recent mountain rescue training exercise, which included rescuers from Armenia, Georgia, Russia and the United States. The DAO also manages defense cooperation and security assistance in Armenia.

With the waiver of Section 907 of the Freedom Support Act in the fall of 2001, direct military-to-military assistance in areas beyond humanitarian assistance has become possible. In fiscal year 2002, 4 million dollars has been provided to Armenia to fund training and the purchase of non-lethal military equipment under the foreign military financing and sales programs. In addition, \$400,000 in DOD support this year will be used to send several Armenian military officers to English language and military courses in the United States.



The DAO administers DOD humanitarian aid programs in Armenia, funding health care and disaster-relief infrastructure projects. In the coming year, \$200,000 has been requested to refurbish Armenian hospitals. Since 1995, the DAO has secured \$15 million dollars worth of medicine, medical supplies, and equipment for eight medical centers in Yerevan.

DAO Yerevan sends current and future Armenian leaders to the George C. Marshall Center in Garmisch, Germany, where they attend seminars and leadership courses. These courses emphasize democratic and western principles that Armenian leaders can bring back to Armenia.

DAO Yerevan also administers the Department of State's Humanitarian Demining program in Armenia, which works to remove and destroy the dangerous land mines left in civilian areas after the Nagorno-Karabakh War. Over two million dollars has been provided for training, demining equipment, and the construction of a state of the art training center in Echmiadzin.



PEACE CORPS

The Peace Corps was established in December 1992 and since that time more than 330 Americans have been placed in Armenia to serve as Volunteers. Volunteers serve for two years and on average about 60-70 Volunteers are working in three main projects: English, Business and Health Education. Volunteers teach English and train Armenian English teachers; they provide training in western business practices and strengthen NGO management; and have introduced the concept of preventative health care. An environmental project is currently under development based on strong interest expressed by Armenian NGOs and the Ministry of Ecology and Nature Protection.



The Peace Corps has identified the following development initiatives: Information Technologies – training Armenians in computer applications and internet technologies; Youth Development – organizing youth camps such as Girls Leading Our World and Eco Camps; Gender and Development – training development professionals and volunteers in gender analysis.

Peace Corps Volunteers work in partnership with Armenian communities and organizations to implement a variety of community development projects including: establishing computer and language training centers, NGOs, vocation training centers, community and school playgrounds, fund raising community events, improving school sanitation, establishing libraries, community environmental programs, etc.

The Peace Corps has two cultural exchange goals, in addition to providing technical expertise. Volunteers carry out these goals by sharing American culture with their Armenian communities during their two-year service. When they return to the United States they share Armenian culture with their American communities.



U.S. DEPARTMENT OF STATE

In Washington, the Department of State, through the Office of the Coordinator of U.S. Assistance to Europe and Eurasia, coordinates all assistance efforts in eastern Europe and the C.I.S. on behalf of the U.S. Government.

The Humanitarian Programs Division of the Office of the Coordinator has been especially active in Armenia. Since 1992, the Division delivered over \$200 million worth of humanitarian assistance to Armenia, including winter fuel shipments of mazut, kerosene, and diesel; spring and winter planting seeds; special humanitarian programs through private voluntary organizations; 77 humanitarian assistance airlifts; and Department of Defense excess property and privately donated material (food, clothing, shelter, medicines and medical supplies and equipment).

The Department of State's Bureau of Educational and Cultural Affairs, formerly the U.S. Information Agency (USIA), has maintained a Public Affairs Section in Yerevan since the establishment of the American Embassy in 1992. The Public Affairs Section, formerly the U.S. Information Service (USIS), has been at the forefront of education, exchanges, and training programs for Armenians in the United States. The Public Affairs program for FY02 sponsored 50 scholarship master degree candidates in the United States, 22 scholars for one year of undergraduate study, and 45 young Bradley scholars who spent one year at an American high school. Public Affairs also administers the U.S. Mission's Democracy and Governance small grants program for Armenia NGOs and the media, coordinates teacher training and curriculum development programs with the Ministry of Education, and develops projects to assist media development. In 1999, the Public Affairs Section launched a very successful Internet connectivity program in Armenia that has provided equipment and Internet connectivity to over 80 Armenian high schools. An additional forty (40) high schools will benefit from this program by the end of 2002.

The Department of State's Bureau of International Narcotics and Law Enforcement (INL) coordinates USG law enforcement assistance programs in Armenia, including training for Office of the Prosecutor General and Ministry of Internal Affairs.

SPECIAL INITIATIVES AND PROGRAMS

U.S.- ARMENIA TASK FORCE (USATF).

The U.S.-Armenia Task Force for economic development (USATF) was established on January 27, 2000 with the signing of a Memorandum of Cooperation between the US and Armenian Governments. The USATF was formed to provide a framework for regular high-level contacts, to promote further economic cooperation, to advance progress on economic and market reforms and to maximize the effectiveness of the assistance programs offered by the United States. The respective Chairmen of the USATF are the State Department's Coordinator of Assistance to Europe and Eurasia and the Armenian Minister of Finance and Economy. Five meetings have been held since the creation of the USATF: May 2000 in Yerevan, September 2000 in Washington, March 2001 in Yerevan, January 2002 in Yerevan, and September 2002 in Washington. The most recent session focused on the macroeconomic situation in Armenia and financial policy, including the GOAM's Poverty Reduction Strategy Paper (PRSP) and other strategic planning tools; the business climate, including Armenia's pending admission to the WTO and its forthcoming anti-corruption strategy; counter-terrorism and anti-trafficking in persons efforts; and energy and environmental management issues, including the recent privatization of the electricity distribution system. This forum has proved to be an excellent way to review and evaluate the U.S. assistance program in Armenia, including its contribution to Armenia's long-term strategic development.



PUBLIC AFFAIRS SECTION

The Public Affairs Section of the U.S. Embassy, which works with media, cultural, and educational affairs, is responsible for overseeing a diverse portfolio of exchange and development programs in Armenia. Designed to support the overall Mission goals of strengthening democracy and economic climate, Public Affairs programs target a wide range of Armenian professionals, government officials, scholars, and students. These programs, several of which are unique to Armenia, focus on two primary areas: professional development and academic strengthening.

Professional Development – Designed to provide first-hand experience to mid-career professionals, professional development programs include both programs sending Armenians to the United States and programs bringing American experts to Armenia.

- n **The International Visitor Program** identifies current and future leaders in the governmental and non-governmental sectors to participate in 2- to 3-week programs in the United States. Many of these programs unite participants from Armenia, Azerbaijan, and Georgia, thus supporting the Mission's goal of regional stability by forging contacts between participants from each of the Caucasus countries. Programs in Fiscal Year 2002 included themes such as "Accountability in Government and Business," "Agriculture and the World Economy," "Journalism Ethics," and "The U.S. Judicial System."
- n **The Community Connections Program** recruits mid-career professionals in a range of fields, with a particular focus on small- and medium-sized enterprises. Participants travel to the United States for a four-week program, during which they are matched with American businesses or organizations in the same sector for a professional internship. Staying with American host families provides both the Armenian participants and the American hosts with a deeper understanding of each other's culture.
- n **The Hubert H. Humphrey Fellowship** is a one-year, non-degree graduate fellowship available to mid-career professionals working in areas related to development. Fellows study in specialized programs at universities in the United States and are placed in internships with companies, governmental organizations, or international organizations.
- n **The Partnerships in Education Program** identifies outstanding secondary school and university teachers in the field of civic education for a six-week program of professional workshops in the United States.
- n **The Awards for Excellence in Teaching English and American Studies (TEA) Program** identifies outstanding English teachers at the secondary level. Semi-finalists are presented with an award voucher to exchange for books, equipment, and other much-needed materials for their schools. Finalists travel to the United States for a summer program of professional development workshops and cultural activities.



n **The Contemporary Issues Fellowship** offers participants a four-month research fellowship in the United States to investigate topics related to sustainable growth and economic development in Armenia, democratization and the rule of law, and civil society issues. Fellows are placed at universities, think tanks, and governmental organizations.



n Through the **U.S. Speakers and Specialists Program**, American experts in fields ranging from journalism to the American political system travel to Armenia to support local organizations and institutions in their need for specific knowledge, experience, and skills. Experts are invited for two to six weeks to present lectures, serve as consultants, and/or conduct workshops and seminars for professional audiences.

n **The Democracy Commission Small Grants Program** awards grants to local organizations and media outlets to support the further advancement of democracy, independent media, and the free flow of information in Armenia.

Academic Strengthening – Ranging from post-doctoral to elementary levels, academic strengthening programs incorporate both traditional academic exchange and curriculum reform programs. The overall goal of these programs is to expose Armenian students, either first-hand or through programs at local schools and universities, to course material in fields such as economics, business administration, and public policy which have not traditionally been available at local educational institutions.

n **The Fulbright Scholar Program** brings American scholars to Armenia to teach and/or conduct research, as well as sending Armenian scholars to the United States for the same purposes. The most prestigious of the State Department's exchange programs, the Fulbright Scholar Program, provides a medium for a meaningful exchange of ideas on an international level.



n **The Junior Faculty Development Program** is a one-year, non-degree program that affords participants the opportunity to work closely with American colleagues at host institutions in the United States to develop their knowledge of new teaching methodologies and to create new curricula, which they will then teach at their home institutions upon their return to Armenia.

n **The Fulbright American Studies Institute Program** offers six-week professional seminars to academics and other professionals actively engaged in American Studies. Topics for this academically rigorous program range from American Literature to National Security Studies. Active participation in this program by faculty from a leading Armenian university has led to the development of the first American Studies curriculum in Armenia.

n **The Muskie/Freedom Support Act Graduate Fellowship Program** is a one- to two-year degree program at the graduate level. The purpose of this program is to develop a cadre of future leaders who have received training in the United States in fields such as law, public administration, and management.



n **The Freedom Support Act Undergraduate Fellowship** is a one-year program available to students enrolled in Armenian universities at the undergraduate level. Students travel to the United States for a "study-abroad" type program in a wide range of fields. Upon returning to their home universities, students share their newly acquired knowledge with their classmates, as well as frequently taking (and creating) leadership positions in student organizations.





- n **The Future Leaders Exchange Program** selects outstanding high-school students for a one-year exchange to live with host families in the United States while studying at an American high school. In addition to gaining exposure to American teaching techniques and culture, students learn the importance of community activism and volunteerism, values which they put into action upon their return to Armenia.
- n **The University Partnerships Program** is designed to promote curriculum development and administrative reform by pairing programs in Armenian universities with partner programs at American colleges and universities. Partnerships in Armenia have supported programs in journalism, public finance, business, and economics.
- n **The Elementary Level and Middle School Level Teacher Training Programs** focus on updating curriculum and training for in-service and pre-service teachers in Armenia. Working in close cooperation with the Armenian Ministry of Education, these programs have included sending teacher trainers to the United States for intensive professional development seminars, during which participants study American curriculum content and methodology and work to develop manuals on these topics for in-service teachers, and the implementation of these manuals in schools across Armenia. The teacher trainers strive to balance American educational theory with Armenian educational practices. Strengthening critical thinking, social studies, and classroom participation constitute major goals of these programs.



- n **The Armenian Schools Connectivity Program** is a major initiative connecting secondary schools across Armenia to the Internet. Schools are selected through open competition to receive Internet centers through the program, which supplies computers and other equipment as well as funding one year of Internet service and providing local site monitors, who offer training and technical support. The creation of a school network for the Armenian education system and the promotion of the Internet as an educational tool are two key aspects of the program. After school hours, the Internet centers are open to the community, who are offered courses in using the Internet as an information resource, marketing tool, and mode of communication. By the end of 2002, 120 centers are scheduled to be open across Armenia, with several hundred more expected to open in the next few years.

ACADEMIC

	1998	1999	2000	2001	2002
FLEX	50	50	50	50	50
Muskie	69	55	40	50	50
Ugrad	24	25	22	22	19
JFDP			2	3	5
FASI	2	3	2	3	2
Fulbright (Arm.)	2	2	2	2	2
Elementary Level Teaching Training Program	6				
Middle Level Teacher TrainingProgram					6
	153	135	118	130	134

PROFESSIONAL

	1998	1999	2000	2001	2002
RSEP		5	4	4	
TEA				5	6
Pie Teachers					10
Pie Directors					4
Regional Scholar Exchange				21	
Contemporary Issues	5	7	7	8	8
Community Connections		61	59	60	70
Humphrey					2
IV Program	14	26	41	50	64
	19	99	111	127	164



EXPORT CONTROL AND RELATED BORDER SECURITY (EXBS)

In June 2001, the US Customs Service entered into an Interagency Acquisition Agreement with the U.S. Department of State. The Department of State has allocated funds as part of its Export Control and related Border Security Assistance (EXBS) Program. The program draws on the expertise of U.S. Departments and Agencies, including the U.S. Customs Service, to provide a range of training, equipment and technical assistance to enhance countries export control and related border security capabilities.



The Export Control and Border Security Program is designed to develop the enforcement skills of the Armenian Border Guards and the Customs Service in their fight against the movement of weapons of mass destruction and products which have dual use.

The program includes formal training in the United States at training centers such as Hammer Institute, which prepares students to identify nuclear, chemical and biological weapons and the system used by terrorists.

EXBS has provided basic inspection equipment for the Border Guards and Customs of the Republic of Armenia. A communication system, which now links all of the frontier posts and the headquarters of the Ministry of National Security, has been installed. EXBS has scheduled training, which will develop a response team to handle the discovery of nuclear or chemical weapons at the border. A team of Border Guards officers and Customs inspectors will be assigned to a U.S. port of entry in the South-West to engage in training with US Customs and Border Patrol Officers in vehicles and passengers inspection. EXBS continues to support the development of legislation to develop laws that cover the exportation of dual use goods.



INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT (INL) TRAINING PROGRAM

Working in cooperation with the Government of the Republic of Armenia's law enforcement agencies, the INL Interagency Team consists of the Federal Bureau of Investigation (FBI), the Department of Justice's Office of Overseas Prosecutorial Development Assistance Training, the Department of Treasury's Office of Technical Assistance, the International Criminal Investigative Training Assistance Program, the Federal Law Enforcement Training Center (FLETC), and the Department of State's Bureau of Diplomatic Security. This team has developed a comprehensive training and assistance program to enhance law enforcement capabilities in Armenia. The program addresses Mission objectives in the following areas:



- n **Trafficking in Persons.** Last year INL started an anti-trafficking program in Armenia through International Organization for Migration (IOM). The program consists of three main components. The first component is public awareness raising for the general population and key government officials. The second component is prosecution and criminalization of the trafficking. The third component is victim return and reintegration. The whole program is worth of \$392000. Along with the key government agencies it is envisioned that the program will be working closely with the NGO community with the aim of strengthening NGO capacity.
- n **Law Enforcement Agency Development.** This program provides training and equipment to the Armenian Police Academy and the In-Service Training Center of the Ministry of Internal Affairs. The main thrust of the program is the U.S. Department of Justice's Academy Assistance Program (AAP), which provides computer procurement, training of managers, technology training for trainers, and instructor and curriculum development.
- n **Judicial Transparency Project.** Through the Department of Justice, key trainers, prosecutors and investigators receive training on specific topics of interest to the Armenian law enforcement community.
- n **Basic Forensic and Management Assistance.** An interagency INL team has developed a five-year program to equip a forensic laboratory for the Government of Armenia and train laboratory managers and forensic experts. During the initial year, this training will focus on project infrastructure, laboratory management, and facility identification and renovation.



DEPARTMENT OF ENERGY

The Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) jointly sponsor ongoing programs to improve the operational safety of the Metsamor Nuclear Power Plant, both through technical assistance and the provision of material and equipment for creating a more fire and earthquake-safe environment. The NRC has also assisted in strengthening the nuclear regulatory capability of the Armenia Nuclear Regulatory Commission. U.S. assistance supports the closure of the Metsamor Nuclear Power Plant at the end of its economically useful life by providing feasibility studies of replacement energy sources, including indigenous resources and efficient technologies.

U.S. DEPARTMENT OF COMMERCE AND RELATED AGENCIES

The Department of Commerce (DOC) office was established in the U.S. Mission, Yerevan in September 1993. In addition to its U.S. exports and investments in Armenia, the Department of Commerce provides technical assistance through the Business Information Service for the Newly Independent States (BISNIS). BISNIS

DOC Yerevan keeps the American business community informed of trade and investment opportunities in Armenia by reporting through the Department of Commerce office in Washington and throughout the United States about changing Armenian laws, regulations, market research, and company-specific trade and investment leads. The Department of Commerce also hosts the Special American Business Internship (SABIT) program, which offers U.S. based training for Armenian private sector and government specialists, and sponsors other occasional training opportunities in the United States and in Armenia on such topics as business ethics.

- n SABIT offers four-week to six-month U.S.-based training in American-style management and commercial application of research and development. Dozens of Armenians have participated in SABIT Programs since 1998, receiving training in such areas as U.S. industry and its regulations, establishment of business relationships, innovative technologies, equipment, services, and market-based business concepts.
- n The Department of State also sponsors commercial programs through its Business Facilitation Incentive Fund. In the last few years it has supported the American Chamber of Commerce in its Country Competitiveness seminar series, as well as trade promotion opportunities for both U.S. and Armenia firms at trade fairs in Armenia and abroad.
- n Other U.S. Government agencies actively promoting trade between the United States and Armenia include the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA). OPIC has supplied financing for the largest U.S. investment in Armenia, the Hotel Armenia project, and is considering a number of additional projects. TDA has supplied funding for feasibility studies in a number of areas to identify those sectors most suitable to economic development. It has also sponsored a number of trade fairs to promote specific opportunities, including a May 2001 Armenia Investment Conference in New York City and a May 2002 Regional Tourism Infrastructure Conference in Istanbul.

Program Overview

USAID/Armenia is committed to working in partnership with Armenians for a prosperous and stable country that offers equal opportunity to all its citizens. This can be achieved only through a strong democracy and market economy, governed by the rule of law, which promotes the general welfare of the people. To achieve this goal, USAID—in consultation with Armenian public, private and non-governmental organizations, as well as with other donors—has developed a multi-faceted program.

USAID/Armenia programs support the Government of Armenia in its efforts to create an environment in which a stable democracy and law-based markets will flourish. Other programs assist citizens as they seek to increase their participation in governance, and in the developing market economy. USAID/Armenia also funds programs for humanitarian assistance while emphasizing efforts that will, in time, eliminate the need for direct assistance to vulnerable populations.

The focus of the USAID/Armenia programs is on increasing the demonstrable benefit of US Government assistance to the average Armenian. Improving the standard of living will build and sustain support for continuation and implementation of democratic and economic reform measures needed for creating a free market democracy.

- n **Private Sector Program:** USAID supports efforts to accelerate systemic restructuring of the economy towards a market orientation, which is the only viable means of ensuring long-term sustainable gains in the standard of living of Armenians. Specific USAID interventions are under way, in such areas as tax, fiscal, and customs reform, capital/financial markets development, accounting reform, information technology (IT), and banking supervision. In addition to these efforts to create an improved environment for private sector activity, USAID directly assists Armenian businesses and business associations, specifically by providing technical assistance and training to micro, small, and medium enterprises in the areas of agribusiness, tourism, IT, and jewelry. USAID also supports several activities providing micro-credits to small-scale entrepreneurs, including economically active women living below the poverty line in under-served areas.
- n **Energy Sector Program:** The development of an efficient, reliable and cost-effective energy sector is critical for sustainable economic growth, environmental protection and social welfare. To achieve this, USAID supports the efforts of the Government of Armenia to privatize remaining state-owned enterprises, promote economic and environmental efficiency, and diversify energy sources. Specific USAID interventions include technical assistance, training and equipment provision to improve commercial operations, introduction of modern tariff methodologies, promotion of legislative and regulatory reform, development of demand-side management and other energy saving measures, identifying and testing new energy technologies and rehabilitation of existing technologies, and encouraging the rationalization of regional energy trade. As an overarching objective, USAID also provides assistance to improve Armenia's energy security, thereby facilitating the closure of the Armenian Nuclear Power Plant.
- n **Democracy Program:** The goal of the Democracy program is to develop more transparent, accountable, and responsive democratic governance in Armenia. To meet this goal, the program works with both governmental and non-governmental actors to strengthen democratic institutions and organizations and to increase citizen confidence in them. In order to strengthen government institutions, USAID supports legal reform, including assisting the judiciary to become a more independent and effective branch of government. USAID also works with local governments to strengthen their capacity to manage resources and respond to citizens' concerns. USAID has initiated a program to



work with the National Assembly to improve its internal management and increase citizen access to the legislative process and their representatives. In order to strengthen non-governmental actors, USAID collaborates with NGOs and communities to increase citizens' participation in public policy development and the oversight of government. Finally, USAID works to strengthen independent media and other sources of information dissemination to encourage and enhance citizens' involvement in decision-making processes.

- n **Social Transition Program:** The purpose of USAID's Social Transition Program is to mitigate the adverse social impacts of the transition by helping to strengthen and make sustainable key social and health care systems, while still providing urgently needed services to the most vulnerable in selected regions. USAID assistance concentrates on establishing the legal and institutional foundation for sustainable social insurance systems; improving the efficiency and effectiveness of the government in providing social assistance and primary health care; developing NGO and private sector capacity to provide urgent social services (focusing on nutrition and shelter) and primary health care; and increasing citizens' capacity to meet their own needs through small-scale community infrastructure projects.
- n **Water Management Program:** USAID's water management program is an initial, limited effort designed to complement ongoing USAID activities (e.g., health, energy, local government) and lay the groundwork for possible future collaboration in water management. Specifically, the program aims to improve the national policy/legislative/institutional framework for water quantity and quality monitoring, including the rehabilitation of monitoring systems; support local level efforts to develop and implement market-based approaches to improving water quality; and strengthen the institutional and financial sustainability and operational efficiency of selected Armenian water supply entities. In addition, the South Caucasus regional water management program works to assist key institutions involved in water management in each of the three South Caucasus' countries to develop more effective information sharing and communication on crucial water management issues.
- n **Earthquake Zone Recovery Program:** The Earthquake Zone Recovery Program (a USAID Special Objective), was designed in close partnership with the Armenian Government to achieve recovery of this region devastated in the 1988 earthquake. Under the program, some 4,000 families who lost homes in the earthquake are finding permanent and adequate homes. They are being awarded either certificates to purchase housing anywhere in Armenia, or grants to complete or repair unfinished or damaged houses. As beneficiary families give up their "domics"(temporary shelters), local governments are removing these structures and reclaiming the sites for public or private use, thus facilitating recovery of key urban areas.



- n **Cross-Sectoral Activities:** USAID supports Eurasia Foundation programs that focus on accelerating private sector growth, enhancing public administration, strengthening media, and advancing democratic development. Through the Academy for Educational Development, USAID provided training to 2,054 Armenians in FY 2001 to strengthen human capacity in all of its strategic objective sectors.
- n **Special Initiatives:** USAID has pursued a limited number of initiatives that fall outside of the areas of strategic focus cited above. In January 2001, USAID approved a grant to provide \$2.4 million to the World Food Program's (WFP) drought relief effort in Armenia. The multi-donor-funded program provides assistance to 297,000 drought victims throughout Armenia. In addition, in 1999, the Mission established an endowment for the American University of Armenia (AUA), which now provides a stable source of funding for the University, and thereby allows AUA to take a longer-term perspective in planning for its development.

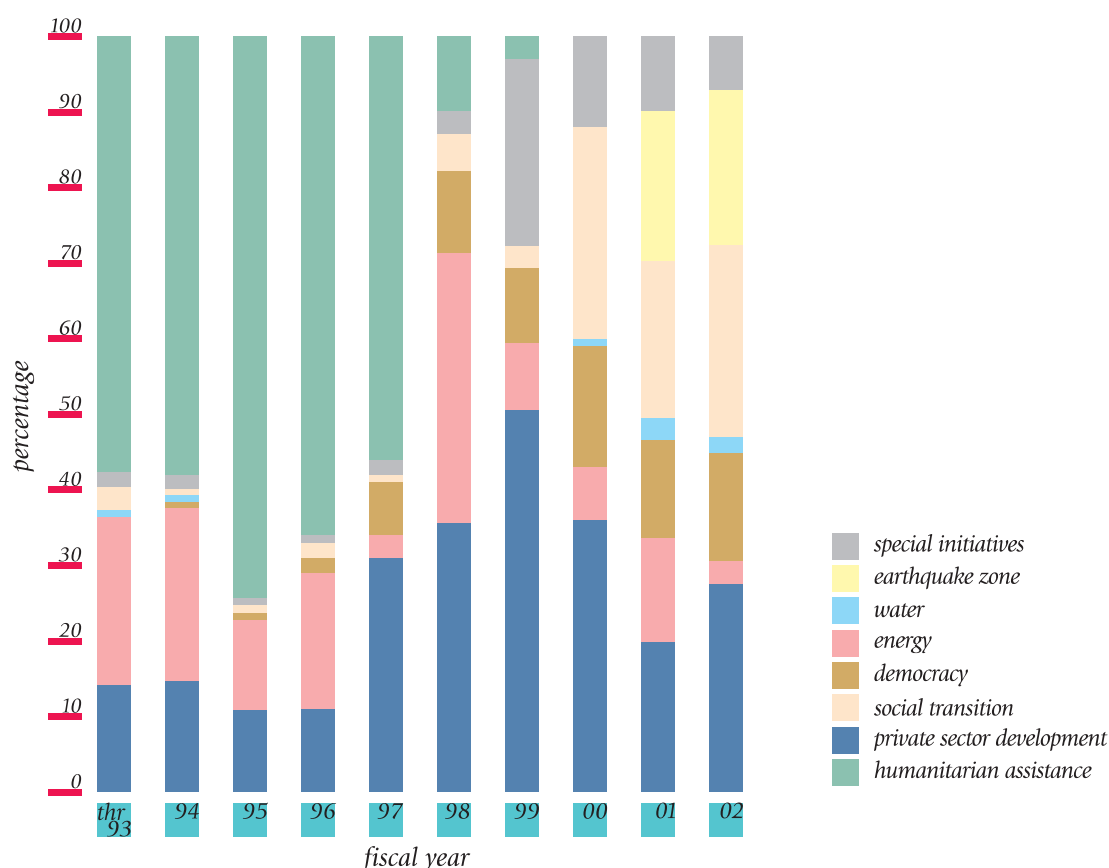
USAID/Armenia Funding History – Total and by Program

(Millions of US\$; percentages may not sum to 100% due to rounding error)

	Thru FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
<i>Total</i>	37.91	78.73	52.28	69.72	79.49	61.69	50.49	55.07	76.37	61.30
<i>Pvt. Sector Prog.</i>	5.30 14%	11.50 15%	5.50 11%	7.50 11%	25.00 31%	22.40 36%	25.70 51%	19.90 36%	14.95 20%	16.57 27%
<i>Energy</i>	8.3 22%	18.60 24%	6.10 12%	12.80 18%	2.60 3%	22.00 36%	4.50 9%	3.60 7%	10.47 14%	1.71 3%
<i>Democracy</i>	0 0%	.98 1%	.45 1%	1.39 2%	5.38 7%	6.66 11%	4.92 10%	8.70 16%	10.02 13%	8.86 14%
<i>Water</i>	.55 1%	.48 1%	0 0%	0 0%	0 0%	0 0%	0 0%	.82 1%	2.17 3%	1.12 2%
<i>Social Transition</i>	1.26 3%	.66 1%	.40 1%	1.30 2%	.59 1%	2.78 5%	1.50 3%	15.64 28%	16.31 21%	15.36 25%
<i>Earthquake Zone</i>	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	15.00 20%	12.06 20%
<i>Special Initiatives</i>	.82 2%	1.20 2%	.75 1%	.80 1%	1.20 2%	1.81 3%	12.39 25%	6.41 12%	7.40 10%	4.31 7%
<i>Humanitarian Assistance</i>	21.70 57%	45.27 58%	39.10 75%	45.96 66%	44.82 56%	6.08 10%	1.43 3%	0 0%	0 0%	0 0%



USAID/ARMENIA FUNDING PERCENTAGES, BY PROGRAM



Principal USAID assistance emphases currently being implemented along with funding allocations during FY02 were:

- n \$18 million for Private Sector development to create a legal, regulatory and institutional environment conducive to private sector activity and to provide support directly to private sector entities. Included in this amount is \$6 million for economic restructuring related to privatization, tax/fiscal and customs systems, bank supervision, and capital/financial markets development. Another \$12 million is allocated to provide technical services to small, medium and micro-enterprises and to promote the development of IT, including \$2 million for the Eurasia Foundation to provide grants and loans to local NGOs and micro, small and medium-sized Armenian businesses.
- n \$3.3 million devoted to energy sector reform and enhancing energy security for Armenia, to promote a more economically sustainable and environmentally sound energy sector. Funding is directed toward market rules and pricing structures, efficiency and conservation, development of new energy sources, and promotion of regional cooperation on energy issues.
- n \$9.7 million for democracy and good governance with particular emphasis on increasing the participation of the citizenry in decision-making processes, assisting with professionalism of Parliament, and promoting an impartial, transparent and independent judicial system. This includes financing for programs that support civil society organizations, local NGO capacity building, National Assembly professional development, the independent media, local and community level governance, voter education and election administration.
- n \$10.7 million for the social sector programs. This includes funding for medical partnerships, reproductive health and a new comprehensive social transition program which is designed to promote the development of sustainable social insurance systems,

primary health care reform, improved delivery of social and health care services and information, and small-scale public works activities at the community level.

- n \$5 million is allocated for earthquake zone assistance. This program, initiated as a pilot in FY00, supports rehabilitation and economic reactivation in those areas of Armenia still suffering from the effects of the 1988 earthquake. An essential element of this assistance is USAID's housing certificate program, which provides a long-term solution to the housing of victims still in temporary quarters since the earthquake.

USAID's Private Sector Program

In September 1991, Armenian voters opted for independence from the Soviet Union. However, the break-up of the Soviet Union brought an end to the commercial ties and protected markets that had helped make Armenia one of the most prosperous of the Soviet republics. Armenia's early years of independence were characterized by severe economic decline and energy shortages. These crises precipitated a new humanitarian crisis while the country was still recovering from the economic and social fallout of a devastating earthquake in 1988 that resulted in the deaths of over 25,000 people and rendered 500,000 homeless. The subsequent break-up of the Soviet Union – combined with the collapse of its trade, payments and financial system – dealt a crippling blow to Armenia's antiquated industrial base. Thus, a key problem facing Armenia is how to initiate and sustain appropriate new industries, technologies and services that will grow, attract foreign direct investments, create new export markets and jobs, raise living standards, and allow the country and its citizens to flourish within a broader regional and international market.

USAID's private sector program is focusing on efforts to accelerate the systemic restructuring of the economy toward a market orientation. This is the only viable means of ensuring long-term sustainable gains in Armenians' standard of living. USAID is also supporting efforts to create new and better employment opportunities for Armenians. Privatized formerly state-owned enterprises can provide employment for only a small fraction of the Armenian work force. Accordingly, future job creation must derive largely from accelerated growth in newly created and expanded small and medium enterprises (SMEs). In order to facilitate comprehensive structural reform, while at the same time providing firm-level assistance to create jobs and increase income, the USAID program aims to accomplish the following:

Improve the environment for conducting business: USAID promotes changes to the policy and institutional framework aimed at facilitating the development of a modern and competitive market economy; this includes efforts to convert to international accounting standards; modernize tax, fiscal, and customs systems; and promote commercial legal and regulatory reform.

Increased access to financial capital: USAID implements initiatives to improve the banking infrastructure (especially bank supervision); provide credit to SMEs and micro-enterprises; and develop commercially viable and adequately regulated capital markets.

Improve the capacity of Armenian businesses: USAID provides firm-level technical assistance and training to increase production capacity, develop new products, and expand market access. The primary focus is on the sectors of agribusiness, information technology, tourism, textiles, and jewelry.

Current Activities

TAX, CUSTOMS AND FISCAL REFORM

Barents Group of KPMG Consulting LLC works to establish a stable tax, fiscal, and customs climate for private sector development. The contractor provides technical assistance to further improve the capacity of all relevant personnel to administer tax laws in a fair and professional manner; to assist the government in developing the capacity to formulate sound tax policy; and to assist in the



reorganization and modernization of the State Customs Committee. It is also providing assistance in such diverse areas as reforming intergovernmental finance, combating white collar crime, and helping Armenia over the final hurdles to its accession to the World Trade Organization.

BANKING SUPERVISION

Barents Group of KPMG Consulting LLC also implements a two-to-three-year activity to enhance the supervisory capacity of the Central Bank of Armenia (CBA). This included the primary components of prudential regulation: on-site inspection methodology, off-site analytic tools, problem bank resolution, and an underlying strategy that outlines policies and procedures. The follow-on activity that began in June 2002 includes bank consolidation and problem bank resolution, supervisory strategy development, strengthening legal and accounting procedures, and on-site inspections.

CAPITAL/FINANCIAL MARKETS DEVELOPMENT

PricewaterhouseCoopers Ltd. (PWC) is implementing a three-year activity that works with capital market institutions and market participants to build a modern capital and financial markets infrastructure. PWC is providing assistance in three interlinked areas: Continuing technical assistance to traditional capital markets participants (including the Securities Commission of Armenia, Armenian Stock Exchange, and Central Depository of Armenia) to support their core functions; assistance to non-bank financial intermediaries in order to promote financial intermediation and assist corporate entities to meet their capital sourcing and trade finance needs; and facilitating the institutional development of the State Insurance Inspectorate and the Armenian insurance industry more broadly.

PARTNERSHIP FOR ACCOUNTING REFORM AND DEVELOPMENT (PARD)

A recently established partnership with the Institute of Chartered Accountants of Scotland (ICAS) focuses on the further development of Armenia's accounting and auditing infrastructure. Specifically, PARD aims at strengthening the sustainability of the Association of Accountants and Auditors of Armenia, and improving the quality of accounting and auditing curricula at higher educational institutions through cooperation with a partner university.

AGRIBUSINESS SME MARKET DEVELOPMENT PROGRAM

Development Alternatives Incorporated (DAI) identifies promising agribusiness sub-sectors, addresses the constraints on private sector investment in agricultural SMEs, and implements concrete enterprise-level activities in agribusiness and other supporting sectors that result in increased employment and new market opportunities, both foreign and domestic.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SUPPORT

The SETA Corporation promotes the application of information and communications technology in Armenia through technical assistance, equipment provision, and training to government agencies and businesses in support of those bodies' ICT sector activities.

FINANCING FOR MICRO, SMALL, AND MEDIUM ENTERPRISES

Save the Children, through its micro-finance program, is also providing affordable credit to economically active women living below the poverty line in under-served areas through a local microfinance institution, MDF-Kamurj. At present, USAID/Armenia's microfinance activities support over 13,311 microentrepreneurs, with an outstanding loan portfolio of more than \$ 4,000,000.

TECHNICAL ASSISTANCE TO SMEs

The International Executive Service Corps (IESC) provides management and technical expertise to businesses and selected government entities that can contribute to private sector development.

REAL ESTATE MARKET DEVELOPMENT PROGRAM

A recently established partnership with the International Real Property Foundation (IRPF) and local private sector real estate organizations focuses on fostering the development of ethical and competent real estate professionals, and assisting in the creation of a free, equitable, and private-sector-based real estate market.

COOPERATION WITH OTHER DONORS

USAID technical assistance complements and influences World Bank loan conditionality related to fiscal and banking matters, as well as privatization and commercial law. USAID's ICT initiatives complement the capacity building efforts of the Armenian Development Agency and the new Enterprise Incubator for ICT SMEs that the World Bank is financing. Various non-USAID credit programs target particular niches: EU/TACIS, UMCOR and USDA target the agricultural sector; and the World Bank and Lincy Foundation provide larger loans (\$100,000 - \$1,000,000). The (British) Department for International Development (DFID), EU, and the World Bank are providing assistance related to civil service reform. The IMF plays a lead role in tax/fiscal and banking sector policies. EU, World Bank, and European bilateral support for the land titling process has complemented USAID land registration and surveying work.

USAID's Energy Sector Program

Energy supply became a critical issue for Armenia in late 1991, when Azerbaijan shut down the main pipeline transporting Russian gas to Armenia. This action meant that a smaller pipeline through Georgia, which was subject to disruption, remained the only source of natural gas supplies used for electricity generation and heating. The ensuing energy crisis was the major motivation for the Government of Armenia's controversial 1995 re-opening of the Armenian Nuclear Power Plant (ANPP), which had been shut down after the 1988 earthquake. This action alleviated the immediate energy shortfall, but this Soviet-designed facility is considered inherently unsafe by international nuclear regulatory agencies despite extensive safety improvements made in recent years. While Armenia has significant hydroelectric power potential, increased output in this sector has resulted in the reduction of the water level in the country's largest lake (Sevan) to ecologically dangerous levels. Lastly, Armenia's energy sector is characterized by inefficient use patterns, significant energy losses and degraded infrastructure, all of which contribute to a system that – in its current form – is unsustainable in economic and environmental terms.

USAID's energy sector assistance began in 1992, responding to the emergency situation faced by Armenia in that period. Humanitarian-oriented efforts included the provision of fuel oil and spare parts for electricity generation from thermal power plants, and weatherization and heating system improvement. USAID's program has evolved in recent years to focus on development of an efficient, reliable and cost-effective energy sector that is appropriate for the emerging Armenian market economy. Such an energy sector is critical for sustainable economic growth, environmental protection, and social welfare. Toward this end, the USAID program has three major intermediate goals:

Increase private sector participation: USAID's efforts to promote greater private sector participation in the energy sector are focused on facilitating the privatization process for the electricity distribution companies. USAID also provides assistance to the Armenian Energy Regulatory Commission (AERC), to build the capacity of the AERC to be independent and to effectively establish tariffs, issue licenses, and implement energy sector regulatory policies.

Promote economic and environmental efficiency: USAID supports programs designed to improve the commercial operations of all entities in the power sector to increase their economic efficiency. Further, USAID has launched a major new effort to strengthen demand-side management, promote energy conservation, develop renewable energy sources, and build the capacity of local energy sector service companies.

Diversify energy sources: USAID supports efforts to commercialize and privatize Armenia's major non-nuclear generation facilities and to identify and develop Armenia's indigenous, renewable energy sources, both to enhance Armenia's energy security and to facilitate the timely closure of the *Metzamor* Nuclear Power Plant.

Current Activities

ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCES PROGRAM

Advanced Engineering Associates International (AEAI) works in the areas of energy efficiency, demand-side management, sustainable financing, and renewable energy resource development. AEAI focuses on increasing economic and environmental efficiency in the energy sector by demonstrating cost-effective, integrated solutions to electricity supply and heating demand and by identifying more diversified energy sources, both from reducing electricity demand as a rational approach to replacing new supply and by identifying economically viable renewable energy resources.

ELECTRICITY AND NATURAL GAS SECTOR REFORM PROGRAM

PA Consulting Group implements a substantial program of activities to build capacity in the legal and regulatory spheres, to establish and develop the electricity market, and to support privatization, commercialization and investment mobilization in the energy sector. These activities include the soon-to-be-completed \$15 million Power Sector Metering Project, which has been a key element in improving accountability and payment discipline in the sector and reducing corruption.

UTILITY PARTNERSHIP/TRAINING

The U.S. Energy Association (USEA) encourages private participation in the energy sector by conveying the U.S. experience of private ownership and operation of energy assets. This is accomplished through training, executive exchanges, study tours, and site visits.

REGIONAL REGULATORY ASSOCIATION

The U.S. National Association of Regulatory Utility Commissioners (NARUC) supports the institutional operations of the regulatory commissions in Europe and Eurasia and provides for the sharing of lessons learned through a series of exchange visits, seminars, internships and study tours.

Municipal Energy Efficiency Network

The Alliance to Save Energy (ASE) supports Armenian participation in this network of East European and NIS municipalities with various activities to develop energy efficiency.

USAID also provides funding to other U.S. Government agencies for energy sector programs in Armenia including the *U.S. Department of Energy* and the *U.S. Nuclear Regulatory Commission*.

COOPERATION WITH OTHER DONORS

USAID's energy sector initiatives are coordinated closely with World Bank programs, which support the rehabilitation and strengthening of the power transmission and distribution infrastructure. The European Union assists the Ministry of Energy in developing energy efficiency policies and legislation, as well as developing plans for generation rehabilitation and expansion. The most critical interactions between USAID and other donors have been those related to energy sector conditionality for multilateral financing, which has been based largely on USAID technical inputs. USAID, the World Bank and EBRD have presented a unified front in an effort to ensure GOAM adherence to the open and transparent process established for the tendering of distribution companies. The World Bank, EBRD, EU, Japan and Germany are making substantial investments in energy sector infrastructure projects. Various other donors, notably the EU, share the USG's interest in the closure of the ANPP.

USAID's Democracy Program

In a referendum in September 1991, Armenian voters opted for independence from the Soviet Union. While initial public enthusiasm for economic reform and democracy was high, Armenia's checkered post-independence election history, in combination with continuing economic stagnation, declining living standards, crumbling public services and endemic corruption, have undermined the public's confidence in government and engendered widespread cynicism regarding the democratic process.

The October 1999 slayings of the Prime Minister and several key government officials represented a further setback for the country. While the assassinations were a political and psychological shock to Armenia and its people, it was a significant achievement that Armenia adhered to democratic principles and the constitutional process despite the instability and uncertainty that followed. Requirements related to Armenia's recent accession to the Council of Europe are expected to help move forward much of the legislation necessary to improve democratic governance in the country.

Since 1995, USAID has been working in Armenia to develop more transparent, accountable, and responsive democratic governance. Building upon the success of USAID's efforts with the National Assembly, such as the passage of a new, progressive Civil Code, USAID is expanding its efforts with the parliament. Through the Armenia Legislative Strengthening Program (ALSP), USAID provides technical assistance to the National Assembly of the Republic of Armenia in areas of legislative process, constituency relations, and public outreach. The ALSP takes a multi-dimensional, integrated approach to providing targeted technical assistance to the National Assembly.

Working in close cooperation with Armenian stakeholders, other implementing partners, and international donor organizations, the ALSP provides assistance in three program areas:

- 1) Strengthening internal capacity to support the legislative process by maximizing the legislature's budgetary review and economic analysis capacity, and its ability to oversee program implementation once the budget is adopted;
- 2) Improving National Assembly systems for constituency relations and outreach by building on and improving existing mechanisms and instituting new systems for broad and accessible representation and contact between deputies and their constituents; and
- 3) Increasing access to information about and from the National Assembly by providing technical assistance to improve the internal flow of information within the National Assembly to facilitate its administrative, legislative and constituency work and to develop outreach systems for information about the work of the assembly, with particular attention on media and public access to such information.

The Democracy Program has contributed to increased ethical and professional standards of the legal profession as both the Association of Judges of the Republic of Armenia (AJRA) and the Bar Association of the Republic of Armenia (BARA) have adopted voluntary ethics codes for their members. USAID support helped establish the first independent judicial association in Armenia, a national NGO committed to protecting and promoting the independence of the courts and development of legal expertise and ethical standards. USAID also supported the creation of an electronic law library at Yerevan State University.

USAID provided technical assistance to the Armenian Government for structural changes in the legal system. New laws on the judicial system, the role of judges, advocate service and the enforcement of court judgements have been passed. Judges have been appointed to the new trial courts and Court of Appeals. The Council of Court Chairs is taking over authority for court management and administration from the Ministry of Justice. Judges, not prosecutors, are now responsible for issuing search and arrest warrants.

USAID provided technical assistance for electoral reform, including extensive support during the drafting of the Universal Electoral Code, passed in 1999. USAID played a key role in ensuring that domestic observation was included in the new Electoral Law and provided funding and training for domestic observers ensuring that observers were located in almost every voting precinct. Thanks in large measure to this assistance, the parliamentary and local elections held in 1999 throughout Armenia

received more positive reports from most domestic and international observers, with fewer of the gross violations that marred earlier elections. In response to a request from the Central Electoral Commission, USAID is providing technical assistance increase the transparency and openness of the upcoming local, presidential, and parliamentary elections. In addition to support related to electoral administration, voter education efforts constitute a major focus of this assistance.

Training courses have been provided for 51 television and radio stations on program production, technical skills, news quality, and journalism. Over 400 television and radio specialists were trained. As result of this training, and equipment grants, news production doubled in 2001 as compared to 1999 and many stations now broadcast live, interactive programs. Print media professionals were also exposed to higher professional standards through participation in seminars and conferences in Armenia and abroad. As a result of this training and accompanying equipment grants, several newspapers improved their staffing structure and the design of newspapers. Newspapers have begun to pay more attention to the business side of their enterprises as well as hiring business managers and sales managers. A group of national newspapers established a business association to promote sales for members of the association. In addition, the advocacy efforts of USAID implementing partners opened the doors for public participation in the drafting and discussion of media-related legislation.

USAID has been funding a civics education program for secondary schools since 1997. Initially, these courses were only taught as electives. In 2001, the Ministry of Education and Science made civic education for the 8th, 9th, and 10th grades mandatory, and these courses have been part of the core curriculum since September 2001. USAID is currently providing training for approximately 2,700 teachers to prepare them to teach these civics courses.

Citizen Information Centers that provide citizens greater access to information about their cities have been established in two municipalities. Software developed in these two cities has been modified for use in other municipalities, and funding is being provided for seven additional citizen information centers scheduled to be opened in 2001. USAID has provided funding support for over 100 mock elections in secondary schools throughout Armenia to improve understanding of democratic elections by teaching students, teachers and families about election processes and institutions and the importance of voting. USAID has funded more than 350 town hall meetings resulting in increased government-citizen cooperation in communities and the formation of nearly 90 Citizen Advisory Committees. By the end of June 2002, 21,405 people in 232 communities (one-fourth of all communities in Armenia) had participated in discussions of democratic reforms and citizens' rights and responsibilities.

USAID activities in this area focus on increasing citizen participation with government at the local and national levels, developing NGOs and independent media, promoting civic education in secondary schools, strengthening local government and the legislature, and supporting legal reform. USAID plans to achieve this by supporting programs that:

Increase citizen participation in policy development and oversight of government: USAID supports advocacy NGOs as well as community-based activities to increase citizens' awareness of their rights, roles and responsibilities in a democracy to assure more effective participation in the decision-making process.

Increase the quantity and improve the quality of sources of information and analysis: USAID funds activities to improve the professionalism and financial viability of independent media outlets to provide citizens with multiple sources of information. USAID also supports programs to encourage government, especially local governments and parliament, to make information more available to citizens and media.

Support more responsive and effective local government: USAID funds efforts to create a legal framework that devolves more authority and responsibility to local government and increases local government capacity to respond to citizens' needs.

Assist victims of domestic violence. USAID supports Armenian NGOs to enable victims of domestic violence to receive psychological or legal services, emergency shelter and job skills training.

Encourage Parliament to be more effective and responsive: USAID is starting an activity which

will focus on developing mechanisms to increase citizen access to legislative processes, encourage greater interaction between the electorate and legislators, and strengthen the budgeting and analytical capacities of parliamentary procedures.

Develop a transparent, dependable and effective legal system: USAID is supporting efforts to help ensure that the legal system is independent and respects the rule of law.

Current Activities

LEGAL AND JUDICIAL REFORM

American Bar Association's Central and East European Law Initiative (ABA/CEELI) works to strengthen the organization and effectiveness of professional legal associations in Armenia.

CITIZEN AWARENESS AND PARTICIPATION

International Foundation for Election Systems (IFES) implements a program to raise the civic awareness and activism of citizens in their communities. The program includes a special emphasis on the promotion of women's participation.

National Democratic Institute (NDI) supports civic development in Armenia through citizen action committees designed to promote citizen participation and by developing political parties' ability to reach out to their constituents. This activity includes a special emphasis to ensure women's participation both in the citizen action committees and in political parties.

INDEPENDENT MEDIA

Internews and the International Research and Exchange Board (IREX)/ProMedia support the development of independent media, both to improve news quality and to strengthen the financial management of media outlets.

In addition, under a grant to the Eurasia Foundation, which primarily focuses on promoting private sector growth, USAID has provided financing for an independent printing press as an alternative to the state-operated facility.

CIVIC EDUCATION

Junior Achievement of Armenia assists the Government of Armenia in implementing a civic education curriculum for 8th-10th grades in all schools in Armenia.



LOCAL GOVERNMENT

Urban Institute works to build the capacity of local governments to improve service delivery, increase public participation in local governance, and strengthen fiscal and administrative decentralization.



NGO STRENGTHENING

World Learning supports the coalition building and advocacy skills of advanced non-governmental organizations (NGOs) and supports the growth and development of the nascent NGO sector in the regions outside of Yerevan. The program includes a special initiative to promote women's political participation through NGO advocacy efforts.

LEGISLATIVE STRENGTHENING

Development Alternatives Inc. (DAI) has begun implementing a new USAID program aimed at strengthening the internal capacity of the National Assembly. The program will support the legislative process, focusing particularly on the enhancement of the financial and analytical aspects of that process; improvement of the National Assembly systems for constituency relations and outreach; and an increase in public and media access to information about the National Assembly.



COOPERATION WITH OTHER DONORS

The US Government is working with other donors, lead by the OSCE, to support the Armenian Government in developing a comprehensive anti-corruption program. To complement World Bank assistance to the Armenian anti-corruption commission, USAID funded a trip by 15 Armenians representing government, the National Assembly, and local NGO's to Bulgaria in February 2001 to review their progress in anti-corruption initiatives. In 2002, the Armenian Government developed a framework for reducing corruption, which includes a focus on increasing public awareness, reducing opportunities for corruption and establishing sanctions against corrupt practices. Within U.S. assistance programs, anti-corruption is being approached as a crosscutting issue, and all programs have built-in measures to increase transparency and accountability. Ongoing USAID programs that contribute to reducing opportunities for corruption include assistance in the development of rules, regulations and operating procedures, supporting political and economic competition, developing mechanisms for institutional accountability, developing the independent media, and strengthening of civil society. With the development of a Armenian framework for reducing corruption, USAID is exploring further ways to support Armenian Government efforts in this regard.

The Organization for Security and Cooperation in Europe (OSCE) is providing assistance for meeting Council of Europe accession requirements and coordinates the donors' anti-corruption and elections support group. USAID collaborates with the UK Department for International Development (DFID), which supports civil service reform. USAID also works closely with the World Bank on its new judicial reform program and with the Open Society Institute on its support for clinical legal education, media strengthening, and NGO building initiatives.

USAID's Social Transition Program

The collapse of the Soviet system and Armenia's subsequent economic transition have had severe consequences for the majority of the population. The former system of government heavily subsidized the social and health care services and could not be sustained. The decline in quality and affordability of health care and other social services has resulted in a dramatic increase in the form and magnitude of the Armenian population's vulnerability to economic and social hardships. With an estimated 51% of the population below the poverty line and a service delivery system still in transition, the state is unable to provide adequate social protection or ensure the delivery of health services to those most in need. Few Armenians can afford to pay for the limited private services that are available.

The purpose of USAID's Social Transition Program is to mitigate the adverse social impacts of the transition by helping to strengthen and make sustainable key social and health care systems, while still providing urgently needed services to the most vulnerable in selected regions. To have an overall impact on Armenia's poverty, attention has shifted from simple humanitarian relief efforts to the longer-term objectives of rebuilding a social safety net that will help ensure that all Armenians have access to adequate and affordable health care, food and shelter. Accordingly, the USAID program aims to:

Establish foundations for implementing sustainable social and health assistance and insurance systems: USAID supports the Government of Armenia in reforming its pension program and other social insurance systems, improving the poverty family benefit and health basic benefit program, and restructuring of health care financing. Support is provided for enacting the needed legal and policy framework, developing information management infrastructure, and increasing the Armenian Government's capacity to administer these programs. USAID is also working to increase citizen awareness of changes in government-supported social and health insurance programs.

Increase access to and quality of social services and primary health care in selected regions: The Social Transition Program supports legislative and policy reforms which promote community-based primary health care and effective social service programs. USAID is assisting the Armenian Government, non-governmental organizations (NGOs), and private sector service providers in improving their targeting of services, increasing the delivery capacity for quality services, and developing the Government's ability to plan for, monitor and evaluate health and social assistance programs. USAID also supports the establishment of a referral system and a network of service providers including NGOs. Activities to help citizens become better informed about their health care and social assistance rights and obligations are also included in the program.

Create short-term employment or income generating opportunities in selected regions: To temporarily relieve the problem of unemployment in selected regions, USAID funds small-scale public works designed generate short-term employment opportunities and address critical infrastructure needs identified by the community.

Current Activities

SOCIAL AND HEALTH SECTOR REFORM

PADCO, Inc. works to help Armenia develop an integrated legal, regulatory and information framework for social and health services. The strengthened framework will support sustainable social and health insurance programs, provide needy people with adequate social assistance, and help to restructure the health care sector in order to improve the quality of and access to primary care services for all.

SOCIAL AND HEALTH NGO NETWORK

The Armenian Assembly of America's NGO Center implements a program to build the capacity of local NGOs working in the social and primary health care fields, and to support community initiatives in the regions affected by the 1988 earthquake.



HEALTH PARTNERSHIPS

The American International Health Alliance (AIHA) has established partnerships between Armenian and American health institutions to improve community based healthcare.

PROVISION OF MEDICAL EQUIPMENT

Carelift International supplies technology, equipment, furnishings, supplies, and pharmaceuticals to selected Armenian institutions.

REPRODUCTIVE HEALTH

PRIME II works to improve the quality of women's reproductive health services, including maternal health and delivery care, neonatal care, and the prevention and treatment of sexually transmitted infections. This will be accomplished through the standardization and dissemination of national clinical guidelines and protocols; training health care providers; and promotion of community involvement. These activities are closely linked with to the upgrading of primary care/family medicine providers' skills through the contract with PADCO.

DEMOGRAPHIC AND HEALTH SURVEY

Macro International, Inc. supported completion of a Demographic and Health Survey (DHS) to identify demographic trends and establish an information base on the health and nutritional status of Armenian women and children.

PUBLIC WORKS

Save the Children and Catholic Relief Services implement a local infrastructure development program and a school canteen rehabilitation program, respectively, that will provide jobs to the most vulnerable in selected regions.

SOCIAL ASSISTANCE PROVISION

UMCOR works with local partners to meet the nutritional, and health needs of the vulnerable in selected regions. Catholic Relief Services is helping to meet the nutritional needs of children through its school feeding program.



COOPERATION WITH OTHER DONORS

In developing and implementing this new strategic objective, USAID has coordinated closely with several donors active in the social sectors. The World Bank is supporting programs for social infrastructure rehabilitation, and general health care and social sector reform. The OSCE is involved in changes to the civil register, which will complement USAID's work on the personified identification system. UNICEF and UNFPA are supporting aspects of reproductive health, and WHO is focusing on health policy, pharmaceutical reform, and malaria prevention.

USAID's Water Management Program

Armenia's water sector is characterized by the deteriorated condition of its drinking water and wastewater infrastructure, over-exploitation of Lake Sevan, degraded irrigation systems, pollution of potable water sources, lack of rational allocation of water resources, and inadequate management of transboundary waters. In addition, the absence of effective national and regional systems to monitor and improve water quality and allocate water flows threatens the ecology and health of downstream communities and inhibits efforts to promote economic and political cooperation in the region.

USAID's Water Management Program is designed to address some of the severe consequences of environmental degradation in Armenia and complement USAID's efforts in other areas that are impacted by water issues (e.g., energy, health, and tourism). Specifically, the USAID water management program supports initiatives to:

Improve the national and regional policy and institutional framework: USAID supported efforts leading to the new Armenian Water Code, and continues to support the implementation of the Code. USAID/Armenia supports improved legislation on water quantity rights and quality; economic instruments to abate industrial pollution; regulatory opportunities for water pricing and other economic instruments; building the management capacity of national and local institutions; and public support networks for integrated water management.

Rehabilitate the water quality and quantity monitoring systems: USAID finances the strengthening of the Armenian Hydrometeorological Service (*Armhydromet*). This will enhance the agency's capabilities to collect, manage and store data on the quantity and quality of surface water; to calculate the water balance and forecast changes and ensuing impacts; to support integrated water resources management in the Sevan-Hrazdan Basin; and to assess the effect of pollution on water bodies.

Increase local-level capacity to develop and implement market-based solutions: USAID will implement a small-grants program to support local NGOs and other key local actors in the Sevan-Hrazdan Basin to test innovative approaches to improving water quality and to confirm and apply the data and analysis developed through other components of this initiative. These specific efforts will be defined by local-NGO led consortia to address pressing local problems and may include water quality testing, control of industrial or agricultural effluent, small-scale wastewater management projects, or mitigation or clean-up of specific water pollution problem areas.

Current Activities

ARMENIA SUSTAINABLE WATER RESOURCES MANAGEMENT PROGRAM

Associates in Rural Development (ARD) implements a project to develop Armenia's capacity to promote sustainable management of a critical natural resource to support enhanced environmental quality and economic growth.

STRENGTHENING WATER MANAGEMENT IN THE SOUTH CAUCASUS PROGRAM

Development Alternatives, Inc. (DAI) is undertaking a project to assist key institutions involved in water management in each of the three South Caucasus' countries to develop more effective information sharing and communication on crucial water management issues.

COOPERATION WITH OTHER DONORS

The World Bank has financed development of an Integrated Water Resources Management Plan and made loans for irrigation rehabilitation and dam safety projects, and is planning further water supply sector infrastructure rehabilitation lending. The EU has supported transboundary water management (the Kura River) and is considering options to support wastewater management. Germany's assistance in the sector is focused on local water distribution systems. Several other bilateral donors (e.g., the Netherlands, Norway, and France) are looking at small-scale water infrastructure projects. The World Bank and UNDP have financed such projects as part of their assistance to the earthquake zone. By improving the policy environment and mechanisms for water quality/quantity monitoring, as well as piloting innovative technologies and management approaches to water management, the



Mission expects to fill a gap in other-donor assistance to the sector, while directly supporting their ongoing efforts and encouraging their future investments.

USAID'S EARTHQUAKE ZONE RECOVERY PROGRAM

To address the long-term needs of the approximately 12,000 households still living in temporary shelters due to the 1988 earthquake and facilitate recovery of the region, the Mission is funding the three year, \$31 million Earthquake Zone Recovery (EQZ) Program in partnership with the Government of Armenia.

Under the EQZ Recovery Program, some 4,000 families in Lori and Shirak Marzes who lost homes in the 1988 earthquake are finding permanent and adequate homes. They are being awarded either certificates to purchase housing anywhere in Armenia, or grants to complete or repair unfinished or damaged houses. As beneficiary families give up their "domics" (temporary shelters), local governments are removing these structures and reclaiming the sites for public or private use. The implementing partner is The Urban Institute, with Catholic Relief Services managing the housing grants component in rural areas.

The EQZ Recovery program builds on the success of the USAID Pilot Housing Certificate Program in Gyumri, also implemented by The Urban Institute, in which 97% of the 312 certificate holders found apartments, 89% of them in Gyumri. The pilot site is now home to a playground, park and recreation fields, facilities established through the USAID-funded Save The Children public works program.

Eligible families are those who lost permanent homes in the earthquake, have not been compensated, and who live in temporary shelters on sites selected for inclusion in the program. These sites are ones which local authorities or private investors seek to reclaim for public uses such as parks, playgrounds, schools, or for commercial uses. Program staff are actively and successfully seeking collaboration with other donor and Armenian Government projects to focus on key urban sites which have historic, commercial or transportation significance, and thus create the bases for recovery of the cities and ultimately the region.

SPECIAL INITIATIVES AND CROSS-CUTTING ACTIVITIES

USAID has pursued a limited number of initiatives that fall outside of the areas of strategic focus listed elsewhere on this site. In addition to logistical costs, this category includes:

PARTICIPANT TRAINING

The Academy for Educational Development is the primary training contractor for the Mission's participant training program. The program promotes human capacity development in Armenia in support of USAID/Armenia's strategic objectives.

CROSS-SECTORAL ACTIVITIES

USAID supports Eurasia Foundation programs that focus on accelerating private sector growth, enhancing public administration, strengthening media, and advancing democratic development

ENDOWMENT FOR AMERICAN UNIVERSITY OF ARMENIA (AUA)

In 1999, the Mission established an endowment for AUA, which will provide a stable source of funding for the University, and thereby allow AUA to take a longer-term perspective in planning for its development. Endowment proceeds will support faculty recruitment and the development of the University's graduate law school program.

DROUGHT RELIEF

In January 2001, the Mission approved a grant to provide \$2.4 million to the United Nations' World Food Program's (WFP) drought relief effort in Armenia. The multi-donor funded Emergency Operation Armenia 6310 Program (EMOP) provided assistance to 297,000 drought victims throughout Armenia between November 2000 and June 2001.

ANNEX 1: FYO2 U.S. ASSISTANCE TO ARMENIA (in dollars)

(Note: These numbers are meant for illustration only. Discrepancies may appear due to rounding and differences between budgeted and obligated funds.)

FREEDOM SUPPORT ACT (FSA) FUNDING

USAID ASSISTANCE (FSA)

Private Sector Programs	16,570,000
Energy	1,710,000
Democracy	8,860,000
Water	1,120,000
Social transition	15,360,000
Earthquake zone	12,060,000
Humanitarian	0
Special initiatives	4,310,000

USAID TOTAL	61,300,000
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TRANSFER TO AGENCIES (FSA)

Dept. of Energy	5,000,000
Nuclear Regulatory Commission	500,000
Dept. of State (Public Affairs)	13,700,000
Dept. of State - INL (Law Enforcement)	1,000,000
Dept. of Justice	200,000
Treasury Advisor	500,000
Cochran	100,000
SABIT	200,000
BISNIS	110,000
USDA Marketing Assistance Program	7,300,000
Dept. of State Donated Commodities Transport	1,000,000
Expanded Threat Reduction Assistance	2,600,000
NSF/CRDF @	1,600,000
Dept. of State - Border Security/Export Control @	1,000,000

TRANSFER TOTAL	32,210,000
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TOTAL FSA (includes 3,510,000 in carryover obligations)	93,510,000
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NON-FREEDOM SUPPORT ACT FUNDING

USAID 480 Title II	320,000
USDA PVO Commodities Programs	7,000,000
Peace Corps	940,000
Dept. of Defense	1,130,000
Dept. of State Programs	6,540,000
Including: FMF 4,000,000	
IMET 400,000	
Others 2,140,000	

TOTAL OTHER AGENCIES	15,930,000
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TOTAL U.S. GOVERNMENT DIRECT ASSISTANCE	109,440,000
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TOTAL Donated private and Dept. of Defense commodities <i>(Food/Medicine/Clothing) transported by Dept. of State</i>	10,000,000
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TOTAL U.S. ASSISTANCE <i>(Includes both U.S. Government-funded and U.S. Government-delivered assistance)</i>	119,440,000
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ANNEX 2: OVERALL U.S. ASSISTANCE TO ARMENIA (FY92-FY02, in dollars)

(Note: These numbers are meant for illustration only. Discrepancies may appear due to rounding and differences between budgeted and obligated funds.)

FREEDOM SUPPORT ACT (FSA) FUNDING

USAID ASSISTANCE (FSA)

Private Sector Programs	154,320,000
Energy	90,680,000
Democracy	47,360,000
Water	5,140,000
Social transition	55,800,000
Earthquake zone	27,060,000
Humanitarian	205,790,000
Special initiatives	37,090,000

USAID TOTAL	623,050,000
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TRANSFER TO AGENCIES (FSA)

Dept. of Commerce, including BISNIS and SABIT	1,520,000
Dept. of Energy	29,130,000
Nuclear Regulatory Commission	3,970,000
Public Affairs (USIA and Dept. of State)	55,130,000
Dept. of State - INL (Law Enforcement)	4,870,000
Dept. of Justice	800,000
Dept. of Treasury	6,440,000
Cochran	950,000
USDA Extension/Marketing Assistance Program	41,750,000
Dept. of State Donated Commodities Transport	59,770,000
Peace Corps	4,310,000
Science Centers	6,350,000
Dept. of State - Export Security/Border Control	4,000,000
Expanded Threat Reduction Assistance	3,000,000
NSF/CRDF	5,800,000
Dept. of State - Warsaw Initiative, Title VII	550,000
Trade and Development Agency	1,570,000

TRANSFER TOTAL	229,910,000
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TOTAL FSA	852,960,000
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NON-FREEDOM SUPPORT ACT FUNDING

USAID/USDA Food assistance <i>(Govt.-to-Govt. and PVO)</i>	384,580,000
Other USDA programs	3,090,000
Public Affairs (USIA)	9,230,000
Peace Corps	8,900,000
Dept. of Defense	2,930,000
Dept. of State: FMF, IMET	4,400,000
Others	5,900,000
Dept. of Energy	750,000
Trade and Development Agency	990,000

TOTAL NON-FSA	420,770,000
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TOTAL Donated PVO and DOD commodities transported by Dept. of State (Food/Medicine/Clothing)	220,030,000
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TOTAL U.S. ASSISTANCE <i>(Includes both U.S. Government-funded and U.S. Government-delivered assistance)</i>	1,493,760,000
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